

**VILLAGE OF MORSE, LOUISIANA****FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 18 2012**

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# THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Istre, Mayor  
And the Board of Alderman  
Village of Morse  
Morse, Louisiana

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Village of Morse, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Village of Morse's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Morse, Louisiana at June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011 on our consideration of the Village of Morse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements & other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting & compliance & the results of that testing, & not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Village of Morse has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Robert Istre, Mayor  
And the Board of Alderman  
Village of Morse  
Morse, Louisiana

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Morse, Louisiana's basic financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents and the budgetary comparison schedules listed as required supplementary information in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Morse. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Thibodeaux Accounting Company*  
**Thibodeaux Accounting Company**  
A Limited Liability Company

Rayne, Louisiana  
December 22, 2011

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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VILLAGE OF MORSE  
MORSE, LOUISIANA

Statement of Net Assets  
June 30, 2011

With Comparative Totals for June 30, 2010

	Primary Government			Total (Memorandum Only)
	Governmental Activities	Business-type Activities	Total 2011	2010
<b>ASSETS</b>				
Current Assets				
Cash	\$ 256,330	\$ 31,337	\$ 287,667	\$ 101,787
Internal Balances	694	(694)	-	-
Receivables	2,101	13,699	15,800	22,869
Total Current Assets	<u>\$ 259,125</u>	<u>\$ 44,342</u>	<u>\$ 303,467</u>	<u>\$ 124,656</u>
Non-Current Assets				
Restricted Assets	\$ 11,429	\$ -	\$ 11,429	\$ 11,429
Capital assets, net of accumulated depreciation	456,491	1,395,120	1,851,611	1,665,133
Total Non-Current Assets	<u>\$ 467,920</u>	<u>\$ 1,395,120</u>	<u>\$ 1,863,040</u>	<u>\$ 1,676,562</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 727,045</b></u>	<u><b>\$ 1,439,462</b></u>	<u><b>\$ 2,166,507</b></u>	<u><b>\$ 1,801,218</b></u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued expenses	\$ 49,654	\$ 4,648	\$ 54,302	\$ 43,376
Total Current Liabilities	<u>\$ 49,654</u>	<u>\$ 4,648</u>	<u>\$ 54,302</u>	<u>\$ 43,376</u>
Non-Current Liabilities				
Accrued interest payable	\$ -	\$ -	\$ -	\$ -
Long-term liabilities				
Due in more than one year	-	-	-	-
Total Non-Current Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$ 49,654</b></u>	<u><b>\$ 4,648</b></u>	<u><b>\$ 54,302</b></u>	<u><b>\$ 43,376</b></u>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	\$ 456,491	\$ 1,395,120	\$ 1,851,611	\$ 1,665,133
Restricted for:				
Grants	212,390	-	212,390	-
Recreation Department	11,429	-	11,429	11,429
Unrestricted	(2,919)	39,694	36,775	81,280
Total Net Assets	<u><b>\$ 677,391</b></u>	<u><b>\$ 1,434,814</b></u>	<u><b>\$ 2,112,205</b></u>	<u><b>\$ 1,757,842</b></u>

See Notes To Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA  
Statement of Activities  
June 30, 2011

With Comparative Totals for June 30, 2010

Functions/Programs: Primary government:	Net (Expense) Revenue and Changes in Net Assets				Total (Memorandum Only) 2010
	Program Revenues			Total 2011	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
	Expenses		Governmental Activities	Business-Type Activities	
Governmental Activities:					
General government	\$ 189,432	\$ -	\$ 456,845	\$ 267,413	\$ (239,331)
Public Safety	8,478	-	-	(8,478)	(13,718)
Public Works	9,822	-	-	(9,822)	(8,564)
Total Governmental Activities	\$ 207,732	\$ -	\$ 456,845	\$ 249,113	\$ (261,613)
Business-Type Activities:					
Water	\$ 73,158	\$ 52,622	\$ -	\$ (20,536)	\$ (10,138)
Sewer	111,404	78,033	-	(33,371)	6,372
Interest	-	-	-	37	32
Loss on disposal of asset	-	-	-	-	-
Total Business-Type Activities	\$ 184,562	\$ 130,655	\$ -	\$ (53,870)	\$ (3,734)
Total Primary Government	\$ 392,294	\$ 130,655	\$ 456,845	\$ 249,113	\$ (265,347)
General Revenues:					
Taxes:					
Ad valorem taxes	\$ 9,771	\$ -	\$ -	\$ 9,771	\$ 10,115
Sales taxes	35,062	-	-	35,062	37,006
Other taxes	35,676	-	-	35,676	32,054
Licenses and permits	30,148	-	-	30,148	27,044
Fines and forfeitures	11,430	-	-	11,430	14,294
DOTD	2,500	-	-	2,500	-
Grants	37,649	-	-	37,649	334,683
Miscellaneous	(5,392)	-	-	-	36,549
Transfers	156,844	\$ 5,392	\$ 5,392	\$ 162,236	(45,000)
Total General Revenues	\$ 405,957	\$ (48,478)	\$ 357,479	\$ 181,398	\$ 446,745
Change in Net Assets	(3,116)	-	(3,116)	252	
Prior Period Adjustment	274,550	1,483,292	1,757,842	1,576,192	
NET ASSETS AT BEGINNING OF YEAR	\$ 677,391	\$ 1,434,814	\$ 2,112,205	\$ 1,757,842	
NET ASSETS AT END OF YEAR					

See Notes To Financial Statements

## **FUND FINANCIAL STATEMENTS**

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## **MAJOR FUND DESCRIPTIONS**

### **General Fund**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Sales Tax**

To account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

### **Water System Fund**

To account for the provision of the water services to the residents of the Village of Morse, Louisiana and some residents of the Parish of Acadia. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, billing, and collections.

### **Sewer System Fund**

To account for the provision of the sewerage services to the residents of the Village of Morse, Louisiana. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collections.

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VILLAGE OF MORSE  
MORSE, LOUISIANA  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2011

With Comparative Totals for June 30, 2010

	Major Funds		Other Governmental Funds	Total Governmental Funds (Memorandum Only)	
	General Fund	Sales Tax Fund	LCDBG Fund	2011	2010
<b>ASSETS</b>					
Cash and cash equivalents	\$ 251,593	\$ 16,164	\$ 2	\$ 267,759	\$ 72,972
Receivables:					
Sales tax	-	1,766	-	1,766	2,936
Property taxes	335	-	-	335	335
Grant receivable	-	-	-	-	10,000
Advances from other funds	30,048	8,113	-	38,161	38,161
<b>TOTAL ASSETS</b>	<b>\$ 281,976</b>	<b>\$ 26,043</b>	<b>\$ 2</b>	<b>\$ 308,021</b>	<b>\$ 124,404</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 16,697	\$ 895	\$ -	\$ 17,592	\$ 9,872
Due to other governments	32,062	-	-	32,062	32,062
Advances to other funds	17,402	20,065	-	37,467	31,297
Total liabilities	\$ 66,161	\$ 20,960	\$ -	\$ 87,121	\$ 73,231
Fund Balances:					
Restricted:					
Grants	\$ 212,388	\$ -	\$ 2	\$ 212,390	\$ -
Committed for:					
Recreation Department	11,429			11,429	-
Unassigned	(8,002)	5,083	-	(2,919)	51,173
Total fund balances	\$ 215,815	\$ 5,083	\$ 2	\$ 220,900	\$ 51,173
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 281,976</b>	<b>\$ 26,043</b>	<b>\$ 2</b>	<b>\$ 308,021</b>	<b>\$ 124,404</b>

See Notes To Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2011

Fund balances - total governmental funds		\$ 220,900
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 738,990	
Less: accumulated depreciation	<u>(282,499)</u>	
		<u>456,491</u>
Net assets of governmental activities		<u>\$ 677,391</u>

See Notes To Financial Statements



**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
June 30, 2011**

With Comparative Totals for June 30, 2010

	<b>Major Funds</b>		<b>Other Governmental Funds</b>	<b>Total Governmental Funds (Memorandum Only)</b>	
	<b>General Fund</b>	<b>Sales Tax Fund</b>	<b>LCDGB Fund</b>	<b>2011</b>	<b>2010</b>
<b>REVENUES:</b>					
Taxes:					
Ad valorem	\$ 9,771	\$ -	\$ -	\$ 9,771	\$ 10,115
Franchise	34,156	-	-	34,156	30,600
Sales	-	35,062	-	35,062	37,006
Licenses, permits, and assessments	30,148	-	-	30,148	27,044
Intergovernmental:					
Beer tax	1,520	-	-	1,520	1,454
State grants	201,806	-	255,039	456,845	334,683
DOTD	2,500	-	-	2,500	-
Fines and forfeitures	11,430	-	-	11,430	14,294
Other revenues	35,660	1,947	42	37,649	36,549
Total Revenues	<u>\$ 326,991</u>	<u>\$ 37,009</u>	<u>\$ 255,081</u>	<u>\$ 619,081</u>	<u>\$ 491,745</u>
<b>EXPENDITURES:</b>					
Current:					
General government	\$ 152,587	\$ 10,450	\$ 91	\$ 163,128	\$ 214,057
Public safety	8,478	-	-	8,478	13,718
Public works	9,414	408	-	9,822	8,564
Capital expenditures	259,418	-	-	259,418	-
Total Expenditures	<u>\$ 429,897</u>	<u>\$ 10,858</u>	<u>\$ 91</u>	<u>\$ 440,846</u>	<u>\$ 236,339</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (102,906)</u>	<u>\$ 26,151</u>	<u>\$ 254,990</u>	<u>\$ 178,235</u>	<u>\$ 255,406</u>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Operating transfers in	\$ 282,039	\$ -	\$ -	\$ 282,039	\$ -
Operating transfers out	(5,392)	(27,000)	(255,039)	(287,431)	(283,348)
Total Other Financing Sources/(Uses)	<u>\$ 276,647</u>	<u>\$ (27,000)</u>	<u>\$ (255,039)</u>	<u>\$ (5,392)</u>	<u>\$ (283,348)</u>
Net Change in Fund Balance	\$ 173,741	\$ (849)	\$ (49)	\$ 172,843	\$ (27,942)
Prior Period Adjustment	\$ (3,116)	-	-	\$ (3,116)	\$ 100
Fund Balances, Beginning of Year	45,190	5,932	51	51,173	79,015
<b>FUND BALANCES, END OF YEAR</b>	<u><b>\$ 215,815</b></u>	<u><b>\$ 5,083</b></u>	<u><b>\$ 2</b></u>	<u><b>\$ 220,900</b></u>	<u><b>\$ 51,173</b></u>

See Notes To Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the  
Statement of Activities  
June 30, 2011

Net change in fund balances - total governmental funds		\$ 172,843
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 259,418	
Depreciation expense	<u>(26,304)</u>	
		<u>233,114</u>
Change in net assets of governmental activities		<u>\$ 405,957</u>

See Notes To Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA

Proprietary Funds  
Statement of Net Assets  
June 30, 2011

With Comparative Totals for June 30, 2010

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Water Fund	Sewer Fund	2011	2010
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 10,167	\$ 21,170	\$ 31,337	\$ 40,244
Receivables	4,841	8,858	13,699	9,598
Due from other funds	9,484	-	9,484	3,119
Total Current Assets	<u>\$ 24,492</u>	<u>\$ 30,028</u>	<u>\$ 54,520</u>	<u>\$ 52,961</u>
Non-Current Assets				
Restricted assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Total Non-Current Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets				
Capital assets, net of accumulated depreciation	\$ 735,682	\$ 659,438	\$ 1,395,120	\$ 1,441,756
Total Capital Assets	<u>\$ 735,682</u>	<u>\$ 659,438</u>	<u>\$ 1,395,120</u>	<u>\$ 1,441,756</u>
<b>TOTAL ASSETS</b>	<u>\$ 760,174</u>	<u>\$ 689,466</u>	<u>\$ 1,449,640</u>	<u>\$ 1,494,717</u>
<b>LIABILITIES</b>				
Current Liabilities				
Due to other funds	\$ 5,661	\$ 4,517	\$ 10,178	\$ 9,983
Accounts payable and accrued payables	743	3,905	4,648	1,442
Total Current Liabilities	<u>\$ 6,404</u>	<u>\$ 8,422</u>	<u>\$ 14,826</u>	<u>\$ 11,425</u>
Liabilities Payable from Restricted Assets				
Accrued interest payable	\$ -	\$ -	\$ -	\$ -
Current portion of revenue bonds payable	-	-	-	-
Total Restricted Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Noncurrent Liabilities				
Revenue bonds payable	\$ -	\$ -	\$ -	\$ -
Total Noncurrent Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 6,404</u>	<u>\$ 8,422</u>	<u>\$ 14,826</u>	<u>\$ 11,425</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 735,682	\$ 659,438	\$ 1,395,120	\$ 1,441,756
Restricted	-	-	-	-
Unrestricted	18,088	21,606	39,694	41,536
<b>TOTAL NET ASSETS</b>	<u>\$ 753,770</u>	<u>\$ 681,044</u>	<u>\$ 1,434,814</u>	<u>\$ 1,483,292</u>

See Notes to Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA

Proprietary Funds Statement of Revenues, Expenses  
and Changes in Net Assets  
June 30, 2011

With Comparative Totals for June 30, 2010

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)	
	Water Fund	Sewer Fund	2011	2010
<b>OPERATING REVENUES</b>				
Charges for services	\$ 51,392	\$ 77,298	\$ 128,690	\$ 112,109
Miscellaneous revenues	1,230	735	1,965	980
Total Operating Revenues	<u>\$ 52,622</u>	<u>\$ 78,033</u>	<u>\$ 130,655</u>	<u>\$ 113,089</u>
<b>OPERATING EXPENSES</b>				
Payroll expenses	\$ 23,635	\$ 36,196	\$ 59,831	\$ 45,000
Contract labor	1,770	-	1,770	5,892
Plant supplies	1,591	409	2,000	2,076
Office expenses	3,197	1,487	4,684	3,106
Depreciation	23,213	35,583	58,796	57,611
Utilities	4,968	11,616	16,584	15,715
Repairs and maintenance	81	11,269	11,350	8,500
Chemicals and testing	12,474	9,799	22,273	18,034
Sewer system fees	-	2,739	2,739	5,583
Miscellaneous	2,229	2,306	4,535	338
Total Operating Expenses	<u>\$ 73,158</u>	<u>\$ 111,404</u>	<u>\$ 184,562</u>	<u>\$ 161,855</u>
Operating income (loss)	<u>\$ (20,536)</u>	<u>\$ (33,371)</u>	<u>\$ (53,907)</u>	<u>\$ (48,766)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	\$ -	\$ 37	\$ 37	\$ 32
Total Non-Operating Revenues (Expenses)	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 32</u>
Net income (loss) before transfers	<u>\$ (20,536)</u>	<u>\$ (33,334)</u>	<u>\$ (53,870)</u>	<u>\$ (48,734)</u>
Other Sources (uses)				
Capital contributions	\$ -	\$ -	\$ -	\$ 283,348
Operating transfers in	5,392	-	5,392	-
Operating transfers out	-	-	-	-
Total Other Sources (Uses)	<u>\$ 5,392</u>	<u>\$ -</u>	<u>\$ 5,392</u>	<u>\$ 283,348</u>
Change in Net Assets	<u>\$ (15,144)</u>	<u>\$ (33,334)</u>	<u>\$ (48,478)</u>	<u>\$ 234,614</u>
Prior period adjustment	-	-	-	152
Net assets, beginning of year	<u>768,914</u>	<u>714,378</u>	<u>1,483,292</u>	<u>1,248,526</u>
Net assets, end of year	<u><u>\$ 753,770</u></u>	<u><u>\$ 681,044</u></u>	<u><u>\$ 1,434,814</u></u>	<u><u>\$ 1,483,292</u></u>

See Notes To Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA

Proprietary Funds  
Statement of Cash Flows  
June 30, 2011

With Comparative Totals for June 30, 2010

	Business-type Activities Enterprise Funds		Total (Memorandum Only)	
	Water Fund	Sewer Fund	2011	2010
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 50,831	\$ 75,723	\$ 126,554	\$ 113,094
Cash payments to suppliers for goods and services	(55,930)	(72,800)	(128,730)	(104,162)
Net cash provided by (used for) operating activities	\$ (5,099)	\$ 2,923	\$ (2,176)	\$ 8,932
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	\$ -	\$ (12,160)	\$ (12,160)	\$ (7,126)
Net cash (used for) financing activities	\$ -	\$ (12,160)	\$ (12,160)	\$ (7,126)
<b>Cash flows from noncapital financing activities</b>				
Cash flows from investing activities	\$ -	\$ 37	\$ 37	\$ -
Operating transfers from other funds	5,392	-	5,392	-
Net cash provided by investing activities	\$ 5,392	\$ 37	\$ 5,429	\$ -
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ 293	\$ (9,200)	\$ (8,907)	\$ 1,806
<b>Prior period adjustment</b>	-	-	-	152.00
<b>Cash and cash equivalents, July 1, 2010</b>	9,874	30,370	40,244	38,286
<b>Cash and cash equivalents, June 30, 2011</b>	<u>\$ 10,167</u>	<u>\$ 21,170</u>	<u>\$ 31,337</u>	<u>\$ 40,244</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>				
<b>Operating income/(loss)</b>	\$ (21,509)	\$ (33,138)	\$ (54,647)	\$ 234,614
<b>Adjustment to reconcile operating income (loss) to net cash provided by operating activities</b>				
Depreciation	23,213	35,583	58,796	57,611
Change in assets and liabilities				
Receivables	(1,790)	(2,309)	(4,099)	1,456
Payable	379	2,824	3,203	(932)
Other payables	-	-	-	(469)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 293</u>	<u>\$ 2,960</u>	<u>\$ 3,253</u>	<u>\$ 292,280</u>
<b>Cash and cash equivalents reporting in all enterprise funds</b>				
Current	\$ 10,167	\$ 21,170	\$ 31,337	\$ 40,244
Restricted	-	-	-	-
	<u>\$ 10,167</u>	<u>\$ 21,170</u>	<u>\$ 31,337</u>	<u>\$ 40,244</u>

See Notes To Financial Statements

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## **NOTES TO FINANCIAL STATEMENTS**

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VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Village of Morse, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

**A. Financial Reporting Entity**

The Village of Morse was incorporated in 1906, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government and provides services as authorized by its charter: public safety, highways and streets, sanitation, health, recreation, public improvements, planning and zoning, and general and administrative services.

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the municipality to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Village has determined that they have no component units.

GASB Statement No. 54 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions.

**B. Basis of Presentation**

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally

**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Notes to the Basic Financial Statements**

are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements (FFS)**

The accounts of the Village of Morse are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

**Governmental Funds -**

**General Fund**

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Sales Tax**

The Sales Tax Fund is to account for the collection and disbursement of the Village's one percent (1%) sales and use tax.

**Proprietary Funds -**

**Enterprise Fund**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including

**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Notes to the Basic Financial Statements**

depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. Measurement Focus/Basis of Accounting**

**Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets.

On the government-wide statements of net assets and statements of activities, both the governmental and business type activities are presented using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these activities are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**Basis of Accounting**

The statements of net assets, statements of activities, and financial statements of the proprietary funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred without regard to receipt or disbursement of cash.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses when the liability is incurred.

**D. Assets, Liabilities and Equity**

**Cash and Investments**

The Village of Morse's cash and cash equivalents consist of cash on hand and amounts in demand deposit accounts and interest bearing demand deposits.

**Interfund receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Notes to the Basic Financial Statements**

**Restricted Assets**

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are for the recreation department.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village of Morse maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Equipment	5-20 years
Utility System & Improvements	10-50 years
Infrastructure	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-term debt**

In the government-wide statements, all long-term debt is reported as liabilities and is repaid from governmental and business-type resources.

In the fund financial statements, the long-term debt for governmental funds is not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

**Compensated Absences**

Employees of the Village are allowed one week of vacation after being employed for one year. These vacation days must be used by December 31 of the current year. There is no sick leave policy. Therefore, there are no accumulations of such absences to be accrued as a liability in these financial statements.

**Equity Classifications**

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Notes to the Basic Financial Statements**

- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Proprietary fund equity is classified the same as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The Village adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of the governmental funds are classified as follows:

*Nonspendable* - funds that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – funds that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – funds that are constrained by limitations that the government imposes on itself. These amounts are imposed at the highest level of authority. These amounts are binding unless removed in the same manner that it was imposed and any action must be taken prior to year-end.

*Assigned* - funds whose intended use has been established. These amounts can be, but are not required to be, imposed at the highest level of authority. They do not have to be binding and action does not have to be taken prior to year-end.

*Unassigned* – all other spendable amounts.

Fund balances for the periods ending June 30, 2010 and June 30, 2011:

	For year ended June 30, 2010					For year ended June 30, 2011			
	General Fund	Sales Tax Fund	LCDBG Fund	Total		General Fund	Sales Tax Fund	LCDBG Fund	Total
Reserved	-	-	-	-	Restricted:				
					Grants	\$212,388	\$ -	\$ 2	\$212,390
					Committed:				
					Recreation Department	11,429	-	-	11,429
Unreserved/					Unassigned	(8,002)	5,083	-	(2,919)
Undesignated	45,190	5,932	51	51,173	Total Fund				
Total Fund					Balances	\$215,815	\$ 5,083	\$ 2	\$220,900
Balances	\$45,190	\$ 5,932	\$ 51	\$51,173					

The Village considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Village also considers committed fund balances to be spent first when other unrestricted fund balances classifications are available for use.

**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Notes to the Basic Financial Statements**

**E. Revenues, Expenditures, and Expenses**

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, the governmental funds expenditures are classified by character and the proprietary fund expenditures are classified by operating and nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**F. Budget and Budgetary Accounting**

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk prepares a proposed budget and submits this budget to the Mayor and the Board of Aldermen no later than 15 days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2. Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2011, the Village had cash and interest-bearing deposits (bank balances) as follows:

Demand Deposits	\$ 305,780
FDIC Insurance	\$ 250,000
Pledged Securities	200,268
Total of pledged securities and FDIC Insurance	\$ 450,268
Excess of pledged securities and FDIC Insurance over demand deposits	\$ 144,488

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2011, the carrying amount of the Village's deposits was \$299,096 and the bank balance was \$305,780. The deposits are secured from risk by \$ 250,000 of FDIC insurance and \$200,268 of pledged securities.

Note 3 Restricted Assets -- Governmental Fund Type

Restricted assets in the amount of \$11,429 at June 30, 2011 consisted of cash in the recreation festival cash account.

Note 4. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village on October 1 and payable on December 31. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Acadia Parish. Village property taxes are budgeted in the year billed.

For the year ended June 30, 2011, taxes of 6.43 mills were levied on property with assessed valuations totaling \$1,400,530 and were dedicated as follows:

General Ad Valorem Tax	6.43 mills
------------------------	------------

The total taxes levied were \$9,804 for the year ended June 30, 2011.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 5. Receivables

The governmental activities receivables at June 30, 2011 consist of \$335 of property tax, and \$1,766 of sales tax.

Note 6. Interfund Receivables, Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$30,048	\$17,402
Water Fund	9,484	5,661
Sewer Fund	-	4,517
Sales Tax	<u>8,113</u>	<u>20,065</u>
Total	<u>\$ 47,645</u>	<u>\$47,645</u>

The interfund balances are not expected to be paid back within a year.

Note 7. Accounts and Other Payables

The accounts and other payables consisted of the following at June 30, 2011:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Payable	\$49,654	\$4,648	\$54,302
Other liabilities	-	-	-
Totals	<u>\$49,654</u>	<u>\$4,648</u>	<u>\$54,302</u>

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/11</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets:				
Land	\$ 83,031	\$ 255,040	\$ -	\$ 338,071
Land Improvements	-	-	-	-
Buildings and improvements	295,608	4,378	-	299,986
Equipment, furniture and fixtures	81,983	-	-	81,983
Vehicles	18,950	-	-	18,950
Total capital assets	<u>\$ 479,572</u>	<u>\$ 259,418</u>	<u>\$ -</u>	<u>\$ 738,990</u>
Less Accumulated Depreciation:				
Land Improvements	\$ -	\$ 1,063	-	\$ 1,063
Buildings and improvements	166,780	18,037	-	184,817
Equipment, furniture and fixtures	76,010	4,034	-	80,044
Vehicles	13,405	3,170	-	16,575
Total accumulated depreciation	<u>\$ 256,195</u>	<u>\$ 26,304</u>	<u>\$ -</u>	<u>\$ 282,499</u>
Governmental activities Capital assets, net	<u>\$ 223,377</u>	<u>\$ 233,114</u>	<u>\$ -</u>	<u>\$ 456,491</u>



**VILLAGE OF MORSE  
MORSE, LOUISIANA**

**Notes to the Basic Financial Statements**

The additions and deletions of the governmental activities are due to a transfer of capital assets from the governmental activities to the proprietary activities.

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets:				
Land	\$ 53,350	\$ -	\$ -	\$ 53,350
Water System and Improvements	1,183,696	3,562	-	1,187,258
Machinery & Equip - Water	16,564	-	-	16,564
Sewer System & Improvements	1,353,548	12,160	-	1,365,708
Total	<u>\$ 2,607,158</u>	<u>\$ 15,722</u>	<u>\$ -</u>	<u>\$ 2,622,880</u>
Less Accumulated Depreciation:				
Water System and Improvements	\$ 442,254	\$ 23,213	\$ -	\$ 465,467
Machinery & Equip - Water	15,674	-	-	15,674
Sewer System and Improvements	711,036	35,583	-	746,619
Total accumulated depreciation	<u>\$ 1,168,964</u>	<u>\$ 58,796</u>	<u>\$ -</u>	<u>\$ 1,227,760</u>
Business-type activities, Capital assets, net	<u>\$ 1,438,194</u>	<u>\$ (43,074)</u>	<u>\$ -</u>	<u>\$ 1,395,120</u>

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 26,304</u>
--------------------	------------------

Depreciation expense was charged to business-type activities as follows:

Utility	\$ 23,213
Sewer	<u>35,583</u>
Total depreciation expense	<u>\$ 58,796</u>

**Note 9. Dedication of Sales Tax Proceeds**

The proceeds of the 1% sales and use tax are accounted for in the Sales Tax Fund (special revenue fund) and are to be used for any lawful corporate purpose as authorized by the May 3, 2003 election.

**Note 10. Retirement Commitments**

All employees of the Village of Morse are members of the Federal Social Security system. The Village and its employees contribute a percentage of each employee's salary to the system (7.65% contributed by the Town; 7.65% by the employee). The Village's contribution during the year ended June 30, 2011 amounted to \$7,368.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

Note 11. Segment Information for the Enterprise Fund

The Village of Morse maintains two enterprise funds which provide water and sewerage services. Segment information for the year ended June 30, 2011 was as follows:

	Water	Sewerage	Total Enterprise Fund
Charges for services and other revenues	\$ 52,622	\$ 78,033	\$ 130,655
Operating expenses --			
Depreciation	\$ 23,213	\$ 35,583	\$ 58,796
Other expenses	49,945	75,821	125,766
Total operating expenses	<u>\$ 73,158</u>	<u>\$ 111,404</u>	<u>\$ 184,562</u>
Operating income	<u>\$ (20,536)</u>	<u>\$ (33,371)</u>	<u>\$ (53,907)</u>

Note 12. Franchise Agreements

The Village entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Village. A summary of each such agreement follows:

1. Entergy Gulf States, Inc. – Franchise fee is based on five percent (5%) of the gross receipts from sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the Village. Fees are payable on a quarterly basis.
2. Centerpoint Energy – Franchise fee is based on five percent (5%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Village.
3. Bell South, Inc. – Bell South, Inc. pays a franchise fee based on five percent (5%) of the gross receipts from local exchange telephone services for residential and commercial purposes billed on established rates provided within the corporate limits of the Village. Fees are payable to the Village in quarterly installments.

Note 13. Litigation

According to their attorney, Mr. John Craton, The Village of Morse, Louisiana was made a defendant in a lawsuit captioned Jerry Wayne Clark versus Acadia Parish Police Jury, Consolidated Gravity Drainage District Number One, and Village of Morse. The lawsuit was filed on or about March 11, 2010 as docket number 2010-10268 in the 15<sup>th</sup> Judicial District Court of Acadia Parish. It is still pending. There is no monetary claim against the Village other than a request that the Village and other public entities be cast with the court costs of the lawsuit. It is possible that the court costs will exceed the sum of \$1,000 although the total would likely be apportioned among the defendants. The Village intends to defend this case.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Notes to the Basic Financial Statements

At June 30, 2011, there was an ongoing suit entitled *United States vs. Shella Villejoin*, which was filed in the latter part of 2005. The suit sought to recover the sum of \$110,758 from the defendant, who was employed by the Village as a clerk. The Village has recovered \$45,000 of the above amount from CNA Surety Company pursuant to a policy of insurance that had been issued to the Village. Ms. Villejoin plead guilty in court on August 2007 and was sentenced on February 27, 2008. Ms. Villejoin was sentenced to one year and one day of incarceration and restitution of \$25,033, followed by three years of supervised release. While the court has ordered restitution it does not mean the defendant will make payments. In the event that restitution payments are made the funds will be distributed by the clerk of the United States District Court to the Village of Morse. As of June 30, 2011, the Village has received \$19,512 of the restitution owed to them.

Note 14. Compensation of Town Officials

A detail of the compensation paid to the newly elected Mayor and Board of Aldermen with expiring terms of December 2010 - 2014 is as follows:

	<u>Office</u>	<u>Term</u>	<u>Amount of Compensation</u>
Robert "Butch" Istre	Mayor	January 2011 to December 2014	520
Wade Clement	Alderman	January 2007 to December 2010	280
Randall Bertrand	Alderman	October 27, 2007 to December 2010	280
Peggy Romero	Alderman	April 2008 to December 2010	520
Dale Louvierre	Alderman	January 2011 to December 2014	240
Donlean Gary	Alderman	January 2011 to June 2011	200
Roger Fusilier	Alderman	June 2011 to December 2014	40
			<u>\$ 2,080</u>

Note 15. Leases

The Village entered into a lease agreement with Southern Tower Antenna Rental. The agreement states that Southern Tower Antenna Rental will pay the Village \$550 a month for one year. The tenant has the option to renew the contract for an additional year upon written notification from the Village. The agreement is to allow the tenant use of a portion of property in connection with its federally licensed communications business.

Note 16. Prior Period Adjustment

A prior period adjustment of \$3,116 was made in the General Fund. This adjustment was made to remove some old and un-reconciled items on the bank reconciliation.

Note 17. Subsequent Events

The Village has evaluated subsequent events through December 22, 2011, that date which the financial statements were available to be issued.

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## **REQUIRED SUPPLEMENTAL INFORMATION**

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VILLAGE OF MORSE  
MORSE, LOUISIANA  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

	2011				2010
	Budget			Variance-- Positive (Negative)	
	Original	Final	Actual		Actual
Revenues:					
Taxes--					
Ad valorem	\$ 11,000	\$ 8,478	\$ 9,771	\$ 1,293	\$ 10,115
Franchise	25,000	32,607	34,156	1,549	30,600
	<u>\$ 36,000</u>	<u>\$ 41,085</u>	<u>\$ 43,927</u>	<u>\$ 2,842</u>	<u>\$ 40,715</u>
Intergovernmental revenue--					
Beer tax	\$ 2,000	\$ 1,317	\$ 1,520	\$ 203	\$ 1,454
Grants	212,000	-	201,806	201,806	304,283
DOTD	2,500	2,500	2,500	-	-
	<u>\$ 216,500</u>	<u>\$ 3,817</u>	<u>\$ 205,826</u>	<u>\$ 202,009</u>	<u>\$ 305,737</u>
Licenses and permits	<u>\$ 23,000</u>	<u>\$ 24,327</u>	<u>\$ 30,148</u>	<u>\$ 5,821</u>	<u>\$ 27,044</u>
Fines and forfeitures	<u>\$ 13,000</u>	<u>\$ 12,720</u>	<u>\$ 11,430</u>	<u>\$ (1,290)</u>	<u>\$ 14,294</u>
Miscellaneous revenue--					
Oil royalties	\$ 3,000	\$ 3,194	\$ 5,141	\$ 1,947	\$ 3,304
Festival revenue	12,000	-	-	-	-
La. Dept. of Revenue	-	4,477	-	(4,477)	1,941
Cell Tower Lease	-	6,050	6,050	-	-
Other	-	-	24,469	24,469	31,304
	<u>\$ 15,000</u>	<u>\$ 13,721</u>	<u>\$ 35,660</u>	<u>\$ 21,939</u>	<u>\$ 36,549</u>
Total Revenues	<u>\$ 303,500</u>	<u>\$ 95,670</u>	<u>\$ 326,991</u>	<u>\$ 231,321</u>	<u>\$ 424,339</u>

See Notes to Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

	2011				2010
	Budget		Actual	Variance-- Positive (Negative)	Actual
	Original	Final			
Expenditures:					
Current--					
General government	\$ 99,100	\$ 97,448	\$ 152,587	\$ (55,139)	\$ 124,231
Public safety	13,000	9,464	8,478	986	13,718
Public works	5,000	5,866	9,414	(3,548)	8,564
Capital outlay	-	-	259,418	(259,418)	-
Total expenditures	<u>\$ 117,100</u>	<u>\$ 112,778</u>	<u>\$ 429,897</u>	<u>\$ (317,119)</u>	<u>\$ 146,513</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 186,400</u>	<u>\$ (17,108)</u>	<u>\$ (102,906)</u>	<u>\$ (85,798)</u>	<u>\$ 277,826</u>
Other sources (uses):					
Operating transfers in--					
Sales tax fund	\$ -	\$ -	\$ 27,000	\$ 27,000	\$ -
LCDGB	-	-	255,039	(255,039)	-
Sewer Maintenance	-	-	-	-	-
Operating transfers out--					
Water	-	-	(5,392)	(5,392)	(283,348)
LCDBG	-	-	-	-	-
Total other sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,647</u>	<u>\$ 276,647</u>	<u>\$ (283,348)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 186,400</u>	<u>\$ (17,108)</u>	<u>\$ 173,741</u>	<u>\$ 190,849</u>	<u>\$ (5,522)</u>
Prior Period Adjustment			\$ (3,116)		
Fund balance, beginning of year	<u>45,190</u>	<u>45,190</u>	<u>45,190</u>	<u>-</u>	<u>50,712</u>
Fund balance, end of year	<u>\$ 231,590</u>	<u>\$ 28,082</u>	<u>\$ 215,815</u>	<u>\$ 187,733</u>	<u>\$ 45,190</u>

See Notes to Financial Statements



VILLAGE OF MORSE  
MORSE, LOUISIANA  
SPECIAL REVENUE FUNDS  
SALES TAX FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

	2011				2010
	Budget			Variance--	
	Original	Final	Actual	Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Taxes--</b>					
Sales tax collections	\$ 31,000	\$ 33,529	\$ 35,062	\$ 1,533	\$ 37,006
Misc. Revenue	-	-	1,947	1,947	-
<b>Total revenues</b>	<b>\$ 31,000</b>	<b>\$ 33,529</b>	<b>\$ 37,009</b>	<b>\$ 3,480</b>	<b>\$ 37,006</b>
<b>Expenditures:</b>					
<b>Current--</b>					
<b>General government</b>					
Salaries	\$ 20,000	\$ 23,000	\$ -	\$ 23,000	\$ 35,000
Professional Fees	-	1,682	3,714	(2,032)	-
Payroll Taxes Insurance	-	-	-	-	-
Office Expense	10,000	5,726	5,650	76	24,271
Miscellaneous	-	-	1,086	(1,086)	106
<b>Public works</b>					
Repairs and Maintenance	-	489	408	81	-
Utilities	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Capital outlay</b>					
Total expenditures	<b>\$ 30,000</b>	<b>\$ 30,897</b>	<b>\$ 10,858</b>	<b>\$ 20,039</b>	<b>\$ 59,377</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 1,000</b>	<b>\$ 2,632</b>	<b>\$ 26,151</b>	<b>\$ 23,519</b>	<b>\$ (22,371)</b>
<b>Other sources (uses):</b>					
<b>Operating transfer (out)--</b>					
General Fund	\$ -	\$ -	\$ (27,000)	\$ (27,000)	\$ -
Payroll Fund	-	-	-	-	-
<b>Total other sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (27,000)</b>	<b>\$ (27,000)</b>	<b>\$ -</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ 1,000</b>	<b>\$ 2,632</b>	<b>\$ (849)</b>	<b>\$ (3,481)</b>	<b>\$ (22,371)</b>
<b>Fund balance, beginning of year</b>	<b>5,932</b>	<b>5,932</b>	<b>5,932</b>	<b>-</b>	<b>28,303</b>
<b>Fund balance, end of year</b>	<b>\$ 6,932</b>	<b>\$ 8,564</b>	<b>\$ 5,083</b>	<b>\$ (3,481)</b>	<b>\$ 5,932</b>

See Notes to Financial Statements

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## **OTHER SUPPLEMENTAL SCHEDULES**

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VILLAGE OF MORSE  
MORSE, LOUISIANA  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES  
Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

	2011			Variance—	2010
	Budget		Actual	Positive (Negative)	Actual
	Original	Final			
Current:					
General government:					
Salaries and wages	\$ 26,000	\$ 18,000	\$ 53,020	\$ (35,020)	\$ 29,000
Payroll taxes	-	-	608	(608)	1,515
Office expenses	9,400	5,960	6,552	(592)	9,939
Utilities	18,000	17,873	17,650	223	16,383
Telephone expense	-	4,742	4,553	189	3,741
Bond expense	200	456	380	76	140
Professional fees	8,700	12,208	12,174	34	8,719
Vehicle expense	1,000	239	199	40	1,478
Repairs and maintenance	9,000	-	7,857	(7,857)	9,640
Insurance	17,000	8,116	34,637	(26,521)	19,602
Dues and memberships	500	28,583	422	-	673
Bank charges	-	469	127	-	183
Festival expense	5,000	-	-	-	1,500
Publications	4,000	802	621	181	3,692
Miscellaneous	300	-	13,787	(13,787)	18,026
Total general government	<u>\$ 99,100</u>	<u>\$ 97,448</u>	<u>\$ 152,587</u>	<u>\$ (55,139)</u>	<u>\$ 124,231</u>
Public safety:					
Police department:					
Repairs and supplies	\$ 13,000	\$ 9,464	\$ 8,478	\$ 986	\$ 13,718
Fuel	-	-	-	-	-
Salary	-	-	-	-	-
Total public safety	<u>\$ 13,000</u>	<u>\$ 9,464</u>	<u>\$ 8,478</u>	<u>\$ 986</u>	<u>\$ 13,718</u>
Public works:					
Streets and drainage:					
Repairs and maintenance	\$ 1,000	\$ -	\$ -	\$ -	-
Fuel	4,000	5,866	7,349	(1,483)	4,463
Salary	-	-	-	-	-
Contract labor	-	-	-	-	-
Supplies	-	-	2,065	(2,065)	4,101
Total public works	<u>\$ 5,000</u>	<u>\$ 5,866</u>	<u>\$ 9,414</u>	<u>\$ (3,548)</u>	<u>\$ 8,564</u>
Capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,418</u>	<u>\$ (259,418)</u>	<u>\$ -</u>
Total capital outlays	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,418</u>	<u>\$ (259,418)</u>	<u>\$ -</u>
Total expenditures	<u>\$ 117,100</u>	<u>\$ 112,778</u>	<u>\$ 429,897</u>	<u>\$ (317,119)</u>	<u>\$ 146,513</u>

VILLAGE OF MORSE  
MORSE, LOUISIANA  
WATER SYSTEM FUND

BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
<b><u>OPERATING REVENUES</u></b>					
Charges for services	\$ 42,000	\$ 58,664	\$ 51,392	\$ (7,272)	\$ 44,309
Miscellaneous	-	-	1,230	1,230	980
Total operating revenues	\$ 42,000	\$ 58,664	\$ 52,622	\$ (6,042)	\$ 45,289
<b><u>OPERATING EXPENSES</u></b>					
Contract Labor	\$ -	\$ -	\$ 1,770	\$ (1,770)	\$ 5,892
Payroll Expenses	23,000	24,000	23,635	365	23,000
Fees	-	-	1,703	(1,703)	1,702
Plant supplies	-	1,876	1,591	285	1,859
Office expense	300	776	3,197	(2,421)	2,329
Depreciation	-	-	23,213	(23,213)	22,704
Utilities	4,000	4,504	4,968	(464)	3,962
Repairs and maintenance	2,500	-	81	(81)	4,466
Chemical and testing	9,000	7,881	12,474	(4,593)	11,799
Miscellaneous	876	2,242	526	1,716	714
Total operating expenses	\$ 39,676	\$ 41,279	\$ 73,158	\$ (31,879)	\$ 78,427
Operating income (loss)	\$ 2,324	\$ 17,385	\$ (20,536)	\$ (37,921)	\$ (33,138)
<b><u>NON OPERATING REVENUES (EXPENSES)</u></b>					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Total non operating revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>\$ 2,324</b>	<b>\$ 17,385</b>	<b>\$ (20,536)</b>	<b>\$ (37,921)</b>	<b>\$ (33,138)</b>
Other Sources (Uses)					
Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ 283,348
Operating Transfers In (Out)			5392	5,392	
Operating transfers out	-	-	-	-	-
Total other sources (uses)	\$ -	\$ -	\$ 5,392	\$ 5,392	\$ 283,348
<b>NET INCOME (LOSS)</b>	<b>\$ 2,324</b>	<b>\$ 17,385</b>	<b>\$ (15,144)</b>	<b>\$ (32,529)</b>	<b>\$ 250,210</b>
Retained Earnings, Beginning	768,914	768,914	768,914	-	518,704
Retained Earnings, Ending	<u>\$ 771,238</u>	<u>\$ 786,299</u>	<u>\$ 753,770</u>	<u>\$ (32,529)</u>	<u>\$ 768,914</u>

See Notes to Financial Statements

VILLAGE OF MORSE  
MORSE, LOUISIANA  
SEWER SYSTEM FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2011

With Comparative Actual Amounts for Year Ended June 30, 2010

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
<b><u>OPERATING REVENUES</u></b>					
Charges for services	\$ 68,000	\$ 70,347	\$ 77,298	\$ 6,951	\$ 67,800
Miscellaneous		-	735	735	-
Total operating revenues	\$ 68,000	\$ 70,347	\$ 78,033	\$ 7,686	\$ 67,800
<b><u>OPERATING EXPENSES</u></b>					
Payroll Expenses	\$ 20,000	\$ 36,000	\$ 36,196	\$ (196)	\$ 22,000
Plant supplies	3,000	-	409	(409)	217
Office expense	700	835	1,487	(652)	777
Depreciation	-	-	35,583	(35,583)	34,907
Utilities	11,000	12,158	11,616	542	11,753
Repairs and maintenance	4,000	20,748	11,269	9,479	4,034
Chemical and testing	2,100	7,323	9,799	(2,476)	6,235
Sewer system fees	3,000	-	2,739	(2,739)	3,167
Miscellaneous	-	-	2,306	(2,306)	338
Total operating expenses	\$ 43,800	\$ 77,064	\$ 111,404	\$ (34,340)	\$ 83,428
Operating income (loss)	\$ 24,200	\$ (6,717)	\$ (33,371)	\$ (26,654)	\$ (15,628)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>					
Interest income	\$ -	\$ -	\$ 37	\$ 37	\$ 32
Loss on disposal of assets	-	-	-	-	-
Interest expense	-	-	-	-	-
Total Non-operating revenues (expenses)	\$ -	\$ -	\$ 37	\$ 37	\$ 32
<b><u>NET INCOME (LOSS) BEFORE TRANSFERS</u></b>	\$ 24,200	\$ (6,717)	\$ (33,334)	\$ (26,617)	\$ (15,596)
Other Sources (Uses)					
Capital Contribution	\$ -	\$ -	\$ -	\$ -	
Operating transfers in (out):					
Operating transfer in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ 24,200	\$ (6,717)	\$ (33,334)	\$ (26,617)	\$ (15,596)
Retained Earnings, Beginning			-		152
Prior Period Adjustment	714,378	714,378	714,378	-	729,822
Retained Earnings, Ending	\$ 738,578	\$ 707,661	\$ 681,044	\$ (26,617)	\$ 714,378

See Notes to Financial Statements

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**COMPLIANCE, INTERNAL CONTROL AND  
OTHER INFORMATION**

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# THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Robert Istre, Mayor  
And the Board of Alderman  
Village of Morse  
Morse, Louisiana

We have audited the accompanying statements of the governmental activities and the aggregate remaining fund information of the Village of Morse, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Village of Morse's basic financial statements and have issued our report thereon dated December 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Morse's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Morse's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Morse's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiency described in the accompanying schedule of findings as items 2011-1 to be a significant deficiency in internal control over financial reporting. This finding is considered to be a material weakness.

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Robert Istre, Mayor  
And the Board of Alderman  
Village of Morse  
Morse, Louisiana

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Morse's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings at item 2011-2, 2011-3, 2011-4, 2011-5 and 2011-6.

This report is intended solely for the information and use of management, others in the organization and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Therefore, its distribution is not limited.

*Thibodeaux Accounting Company*

**Thibodeaux Accounting Company**  
A Limited Liability Company

Rayne, Louisiana  
December 22, 2011

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings  
June 30, 2011

PART I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Village of Morse, Louisiana's basic financial statements as of and for the year ended June 30, 2011.

Internal Control - Financial Reporting

There were two significant deficiencies in internal control on financial reporting that were disclosed by the audit of the financial statement.

Material Noncompliance - Financial Reporting

The results of our tests disclosed three instances of noncompliance required to be reported under *Government Auditing Standards*.

PART II. FINDING RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2011-1 Finding: Financial Statements Not in Accordance With GAAP

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Criteria:

The reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Cause of Condition:

The Village does not have the funds to hire someone or to outsource this function.

Effect of Condition:

The financial statements may not be prepared in accordance with GAAP.

Recommendation:

We recommend that the Village outsource this task to ensure the recording of the courts financial transactions in accordance with GAAP.

2011-2 Finding: Traffic Citations not Reconciled Monthly

Citations are not being accounted for properly. There were several copies of tickets that were not found by the Village when requested for the audit. The Village did not reconcile traffic citations monthly to ensure that all citations have been accounted for and final disposition recorded.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings (Continued)  
June 30, 2011

Criteria:

According to Louisiana R.S. 32:398.2 traffic citations are to be reconciled monthly to ensure that all citations have been accounted for and final disposition recorded.

Cause of Condition:

The Village was unaware that a reconciliation needed to be performed and believed that all tickets were accounted for.

Effect of Condition:

Traffic tickets can be lost and financial disposition not recorded.

Recommendation:

The Village should reconcile the traffic citations monthly to ensure all citations have been accounted for and final dispositions are recorded to comply with Louisiana R.S. 32:398.

2011-3 Finding: Voided Traffic Citations

Traffic citations were reduced or dismissed "outside" of traffic court.

Criteria:

Louisiana Revised Statute 32:398.23 requires that all traffic citations be disposed of only by trial or acceptance of a plea in open court.

Cause of Condition:

Traffic citations were voided.

Effect of Condition:

The Village is not in compliance with the statute.

Recommendation:

The Village should not void any tickets. All tickets written and should be presented to the traffic court.

2011-4 Finding: Budget Violation

The Village did not properly amend their budget and exceeded budgeted expenses or uses by more than 5% in the General and Sales Tax Funds.

Criteria:

Louisiana Revised Statute 39:1311 states that the total actual expenditures or uses should not exceed budgeted expenditures by more than 5% or more.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings  
June 30, 2011

Cause of Condition:

Management did not properly amend the budget.

Effect of Condition:

The Village could spend funds in excess of budgeted amounts.

Recommendation:

The Village should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations.

2011-5 Finding: Records Retention Schedule

The Village did not have a records retention schedule approved by the LA Secretary of State (RS 44:411 and RS 44:36).

Criteria:

Louisiana Revised Statute states that a records retention schedule should be filed with the Louisiana Secretary of State.

Cause of Condition:

The Village was not aware of this statute.

Effect of Condition:

The Village is not in compliance with the Revised Statute.

Recommendation:

The Village should submit a records retention schedule to be approved by the LA Secretary of State.

2011-6 Finding: Not Disbursing Fines to Appropriate Agencies

The Village is collecting fines for citations written by the police department but these fines are not being disbursed to the appropriate agencies.

Criteria:

All fines collected should be dispersed to the appropriate agencies.

Cause of Condition:

The Village was not aware that these fines needed to be disbursed to other agencies.

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Findings  
June 30, 2011

Effect of Condition:

The Village has collected fines and have not paid the appropriate amounts to the appropriate agencies.

Recommendation:

The Village should disburse all fines collected to the appropriate agencies.



VILLAGE OF MORSE  
MORSE, LOUISIANA

Corrective Action Plan  
June 30, 2011

Response to Findings:

- 2011-1 The Village has evaluated the cost vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.
- 2011-2 The Village Clerk will perform a monthly reconciliation of all traffic citations. The Village estimates this to be resolved by June 30, 2012.
- 2011-3 The Chief of Police will inform all officers of this regulation. The Village Clerk will inform the Chief when there are instances of voiding tickets so he can handle the situation. The Village estimates this to be resolved by June 30, 2012.
- 2011-4 Management will utilize the budget and make revisions as they become necessary. The Village Clerk will look at prior year budgets to see what the Village is doing wrong and will use these independent auditors as a resource for answering questions. The Village estimates this to be resolved by June 30, 2012.
- 2011-5 The Village has compiled and submitted a records retention schedule to the LA Secretary of State. They are currently awaiting approval.
- 2011-6 The Village Clerk will contact another local City Court to find out what fines and reports need to be sent to which agencies. The Village estimates this to be resolved by June 30, 2012

VILLAGE OF MORSE  
MORSE, LOUISIANA

Schedule of Corrective Action Taken on Prior Year Findings  
June 30, 2010

2010-1 Financial Statements Not in Accordance with GAAP.

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Recommendation: The Village should outsource this task to ensure the recording of the Village's financial transactions in accordance with GAAP.

Status: Unresolved

2010-2 Reconciliation of LCDBG Fund

Finding: The cash balance of the LCDBG fund was not reconciled timely.

Recommendation: The Village should reconcile the general ledger cash balance of the LCDBG Fund to the bank balance. The cash balance of the LCDBG Fund should be reconciled monthly.

Status: Resolved

2010-3 Untimely Filing of Report

Finding: The Village of Morse did not file their financial statements on a timely basis with the Louisiana Legislature Auditor's office.

Recommendation: Management should make sure to file all future reports in a timely manner.

Status: Resolved

2010-4 Budget Violation

Finding: The Village did not properly amend their budget and failed to meet budgeted expenses by more than 5%.

Recommendation: The Village should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations.

Status: Unresolved

2010-5 Records Retention Schedule

Finding: The Village did not have a records retention schedule approved the Louisiana Secretary of State (RS 44:411 and RS 44:36).

Recommendation: The Village should submit a records retention schedule to be approved by the Louisiana Secretary of State.

Status: Partially resolved. As of the audit report, the Village has submitted their records retention schedule to the Louisiana Secretary of State and is waiting for it to be approved.